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MBT

Michigan Business Tax

www.michigan.gov/taxes

Financial Institutions

2008 Forms and Instructions

What's Inside

This MBT booklet includes forms and instructions for financial institutions. These forms are designed for calendar year 2008 and for fiscal years ending in 2008 or 2009.



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See pages 4 and 21 for more information.

This booklet is intended as a guide to help complete the Michigan Business Tax (MBT) return. It does not take the place of the law.

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Customer Contact Division, MBT Unit
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2008 General Information for Financial Institutions

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal Michigan Business Tax (MBT) Filers - Financial Institutions" on page 17.

Standard Taxpayers and Insurance Companies: See the *MBT Instruction Booklet for Standard Taxpayers* (Form 4600) or the *MBT Instruction Booklet for Insurance Companies* (Form 4592) at www.michigan.gov/taxes.

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End of Single Business Tax (SBT) – Beginning of Michigan Business Tax (MBT)

SBT was repealed on business activity after December 31, 2007 (Public Act (PA) 325 of 2006). MBT became effective January 1, 2008 (PA 36 of 2007).

Who Files a Financial Return?

File an *MBT Annual Return for Financial Institutions* (Form 4590) if the taxpayer is any of the following:

- A bank holding company, a national bank, a state chartered bank, an office of thrift supervision chartered bank or thrift institution, or a savings and loan holding company other than a diversified savings and loan holding company as defined in 12 USC 1467a(a)(F)
- Any person, other than a person subject to the tax imposed under Chapter 2A of the MBT Act (Insurance Companies), who is directly or indirectly owned by an entity described above and is a member of the Unitary Business Group (UBG) (see definition on page 5)
- Standard taxpayers that are owned by and unitary with financial institutions
- A UBG of entities described above, or both.

If the taxpayer is not any of the above, check to see if filing either the *Insurance Company Annual Return for Michigan Business and Retaliatory Taxes* (Form 4588) or the *MBT Annual Return* (Form 4567) for standard filers is required.

Using This Booklet

This MBT financial institution booklet includes forms and instructions for financial institutions. These forms are designed for calendar year 2008 and for fiscal years ending in 2008 or 2009.

Read the General Information first. Because MBT is a new tax, it is recommended that taxpayers and tax preparers also briefly review the instructions for all forms. Taxpayers that met the definition for financial institutions under SBT may not for MBT, as the definitions are not the same. Also, a taxpayer might qualify for a credit and yet be unaware of it.

Overview of MBT for Financial Institutions

Every financial institution with nexus in Michigan is subject to a franchise tax. The franchise tax is imposed upon the tax base of the financial institution after allocation or apportionment to Michigan at the rate of 0.235 percent.

In addition, there is an annual surcharge imposed at the rate of 27.7 percent for tax year ending on or before December 31, 2008, and 23.4 percent for tax years ending after December 31, 2008.

Nonrefundable and refundable credits are available for financial institutions to help reduce the initial MBT liability. This includes a limited allowance for SBT credit carryforwards.

Forms listed below are available on the Web at www.michigan.gov/taxes.

Nonrefundable Credits:

- SBT Credit Carryforwards (claimed on *Single Business Tax (SBT) Credit Carryforwards* (Form 4569))
- Compensation Credit (claimed on *MBT Credits for Compensation, Investment and Research and Development* (Form 4570))
- Renaissance Zone Credit (claimed on *MBT Renaissance Zone Credit Schedule* (Form 4595))
- Brownfield Redevelopment Credit (calculated on the *MBT Election of Refund or Carryforward of Credits* (Form 4584))
- Historic Preservation Credit (claimed on Form 4573)
- Film Infrastructure Credit (as assignee only).

Refundable Credits:

- Michigan Economic Growth Authority (MEGA) Employment Tax Credit (claimed on *MBT Refundable Credits* (Form 4574))
- Brownfield Redevelopment Credit (calculated on Form 4584)
- Film Production Credit (as assignee only).

For more comprehensive information regarding MBT, visit the MBT Web site at www.michigan.gov/mbt. The Web site contains information taxpayers may find helpful in determining their estimated tax liability. Note that reliance on information found on the Web site does not protect a taxpayer from imposition of interest and penalties should the sum of the taxpayer's estimated payments not equal 85 percent of the taxpayer's MBT liability for the current tax year.

Filing MBT Quarterly Tax Estimates for 2009

If estimated combined MBT liability for the year (including surcharge) is reasonably expected to exceed \$800, a taxpayer must file estimated returns either monthly or quarterly. Payments can be made with either of the following returns:

- *Michigan Business Tax Quarterly Return* (Form 4548), or
- *Combined Return for Michigan Taxes* (Form 160).

If paying quarterly, estimates are due on the 15th of the month following the end of the quarter. If filing monthly using Form 160, monthly payments may be filed on the 20th day of the month. For example, a taxpayer may file a monthly MBT estimate using Form 160 on April 20 rather than April 15 so long as the estimate for that month is consistent with the instructions in the following paragraph. For taxpayers electing to make monthly remittances by Electronic Funds Transfer (EFT) where the requirement to file a paper Form 160 has been waived, MBT

estimates remain due on the 20th day of the month following the month's end. The estimated MBT for the quarter must also reasonably approximate the liability for the quarter.

The estimated payment made with each quarterly return must be computed on the tax base for the quarter, or 25 percent of the estimated annual total liability, plus the annual surcharge imposed. To avoid interest and penalty charges, estimated payments must equal at least 85 percent of the total liability for the tax year and the amount of each estimated payment must reasonably approximate the tax liability for that quarter. For tax years ending in 2009 and later, if the prior year's tax is \$20,000 or less, estimated tax may be based on the prior year's total tax liability paid in four equal installments. If the prior year's tax liability was reported for a period less than 12 months, this amount must be annualized. See "Filing if Tax Year Is Less Than 12 Months" on page 7 for more information. If the year's tax liability is \$800 or less, estimated returns are not required. Estimates cannot be based on the prior year's SBT liability, and can no longer be based on 1 percent of gross receipts.

Amending Estimates

If, after making payments, the estimated tax is substantially different than originally estimated, recompute the tax and adjust the payment in the next quarter.

E-filing MBT Returns

To optimize operational efficiency and improve customer service, the Department of Treasury is supporting e-file for the first year of MBT by participating in the Internal Revenue Service (IRS) Federal/State Modernized e-File (MeF) program. Check with your software provider to see if it supports MBT e-file, or visit the e-file Web site at www.MIfastfile.org to view a list of approved software providers.

The e-file mandate for SBT is being continued for software developers supporting MBT, effective January 1, 2010, for the 2009 tax year. Software developers producing MBT preparation software will need to support e-file for all eligible MBT forms that are included in their tax preparation software. Therefore, all eligible 2009 MBT returns prepared using software must be e-filed.

New this year, the Department will accept certain Portable Document Format (PDF) attachments with MBT e-filed returns. For a current list of defined attachments, visit the e-file Web site at www.MIfastfile.org, and select "Business Taxpayer." Follow your software instructions for submitting attachments with an e-filed return.

If the MBT return includes supporting documentation or attachments that are not on the predefined list of attachments, the return can still be e-filed. Follow your software instructions for including additional attachments. The preparer or taxpayer should retain file copies of all documentation or attachments.

For more information and program updates, including exclusions from e-file, visit the e-file Web site at www.MIfastfile.org.

The taxpayer may be required to e-file its federal return. Visit the IRS Web site at www.irs.gov for more information on federal e-file requirements and the MeF program.

Complete Federal Tax Forms First

Before preparing MBT returns, complete all federal tax forms. These forms may include:

- Fiduciaries - U.S. Form 1041, 1065, and related Schedules C, C-EZ, D, E, K, 4797, and 8825.
- Corporations - U.S. Form 1120, 1120-S, and Schedules D, K, 851, 940, 4562, 4797, and 8825.
- Limited Liability Companies (LLCs) - federal forms listed above, depending on how federal returns have been filed.

Reference these federal forms to complete Form 4590.

Copies of these forms must also be attached to the annual return filed. See the instructions for Form 4590 for further details.

Completing Michigan Forms

The Department captures the information from paper MBT returns using an Intelligent Character Recognition (ICR) process. If completing a paper return, avoid unnecessary delays caused by manual processing by following the guidelines below so the return is processed quickly and accurately.

- **Use black or blue ink.** Do not use pencil, red ink, or felt tip pens. Do not highlight information.
- **Print using capital letters** (UPPER CASE). Capital letters are easier to recognize.
- **Print numbers like this:** 012345678. Do not put a slash through the zero (0) or seven (7).
- **Fill check boxes with an [X].** Do not use a check mark [✓].
- **Leave lines/boxes blank** if they do not apply or if the amount is zero unless otherwise instructed.
- **Do not enter data in boxes filled with Xs.**
- **Do not write extra numbers, symbols, or notes** on the return, such as cents, dashes, decimal points (excluding percentages), or dollar signs unless otherwise instructed. Enclose any explanations on a separate sheet unless instructed to write explanations on the return.
- **Date format,** unless otherwise specified, should be in the following format: MM-DD-YYYY. Use dashes (-) rather than slashes (/).
- **Enter phone numbers using dashes** (e.g., 517-555-5555); do not use parentheses.
- **Stay within the lines** when entering information in boxes.
- **Report losses and negative amounts** with a negative sign in front of the number (do not use parentheses). For example, a loss in the amount of \$22,459 should be reported as -22,459.
- **Percentages should be carried out four digits** to the right of the decimal point. Do not round percentages. For example, 24.154266% becomes 24.1542%. When converting a percentage to a decimal number, carry numbers out six digits to the right of the decimal point. For example, 24.154266% becomes 0.241542.
- **Report all amounts in whole dollars.** Round down amounts of 49 cents or less. Round up amounts of 50 cents or more. If cents are entered on the form, they will be treated as whole dollar amounts.

Suggested Order of Analysis and Preparation of an MBT Annual Return

Determine whether the taxpayer has nexus with Michigan. *Nexus* is derived from the Latin word meaning connection. It is a legal term that expresses the issue of whether a taxpayer has sufficient connection to Michigan to justify subjecting the taxpayer to Michigan tax. If there is any question about the existence of nexus, see Revenue Administrative Bulletins (RABs) 2007-6 and RAB 2008-4 for further guidance.

For a taxpayer using Form 4590, first complete lines 1 through 25, which is sufficient to calculate total liability before all credits. At that point, if any nonrefundable credits will be claimed, begin the *MBT Nonrefundable Credits Summary* (Form 4568), which serves several important functions:

- Acts as a checklist of nonrefundable credits
- Identifies the order in which nonrefundable credits must be claimed
- Identifies the form on which each nonrefundable credit is calculated
- Tracks tax liability as it is reduced by each credit in proper order
- Identifies (where applicable) the point at which tax liability reaches zero and no further nonrefundable credits may be claimed in the current filing period.

Complete Form 4568 from top to bottom. For each credit the taxpayer qualifies for, calculate the credit as identified on the appropriate form and bring the result back to the appropriate line on Form 4568.

After total nonrefundable credits is determined on Form 4568, line 36, carry the figure to Form 4590. The remainder of Form 4590 is straightforward, but take care to consider any available refundable credits on Form 4590, Part 2.

Further General Guidance

For purposes of MBT, *person* means an individual, firm, bank, financial institution, insurance company, limited partnership, limited liability partnership, copartnership, partnership, joint venture, association, corporation, S corporation, limited liability company (LLC), receiver, estate, trust, or any other group or combination of groups acting as a unit.

A *taxpayer* includes a single person or a UBG liable for tax, interest, or penalty. A UBG must file a combined MBT return (addressed in further detail on page 6).

LLC. An LLC is classified for MBT purposes according to its federal tax classification. The following terms, whenever used in MBT forms, instructions, and statute, include LLCs as indicated:

- *S Corporation* includes an LLC federally taxed as an S Corporation, and a member of this LLC is a shareholder.
- *C Corporation*, which is occasionally referred to simply as a Corporation, includes an LLC federally taxed as a C Corporation, and a member of this LLC is a shareholder. A member or other person performing duties similar to those of an officer in a true corporation is an officer in this LLC.

EXCEPTION: A foreign corporation that is a disregarded subsidiary of a U.S. parent cannot be a member of a UBG, even

one that includes its U.S. parent. In this case, the foreign entity must file a separate return.

Fiduciaries filing for Trusts engaged in business activity must file an MBT return and report the total business activity.

New Requirements: Unitary Business Groups (UBGs) and Combined Filing

NOTE: UBGs are addressed below, in general, and further in the instructions for each form. “Special Instructions for Unitary Business Groups” are located directly before “Line-by-Line Instructions.” Special instructions for UBGs may also appear within the “Line-by-Line Instructions” labeled “UBGs.”

General Information about UBGs

Unitary Business Group means a group of United States persons, other than a foreign operating entity, that satisfies the following criteria:

- **Control Test.** One of the persons owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting rights or ownership interests that confer comparable rights to voting rights of the other persons; AND
- **Relationship Test.** The UBG has business activities or operations which result in a flow of value between or among persons included in the UBG or has business activities or operations that are integrated with, are dependent upon, or contribute to each other. *Flow of value* is determined by reviewing the totality of facts and circumstances of business activities and operations.

United States person, as defined in Internal Revenue Code (IRC) 7701(a)(30), means:

- A citizen or resident of the United States,
- A domestic Partnership,
- A domestic Corporation,
- Any estate (other than a foreign estate, within the meaning of IRC 7701(a)(31)), and
- Any Trust if:
 - A court within the United States is able to exercise primary supervision over the administration of the Trust; AND
 - One or more United States persons have the authority to control all substantial decisions of the Trust.

NOTE: The IRC defines Partnership and Corporation to include an LLC taxed federally as such.

A *Foreign operating entity* is a United States person that satisfies each of the following:

- Would otherwise be a part of a UBG that has at least one person included in the UBG who is taxable in Michigan.
- Has substantial operations outside the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or a political subdivision of any of the foregoing.
- At least 80 percent of its income is active foreign business income as defined in IRC 861(c)(1)(B).

The Department will follow IRC 318 or analogous authority to determine indirect, or constructive, ownership and control,

except the Department will apply IRC 318 to all ownership interests.

Control Test. The control test is satisfied when one person owns or controls, directly or indirectly, more than 50 percent of the ownership interest with voting or comparable rights of the other person or persons. A person owns or controls more than 50 percent of the ownership interest with voting rights or ownership interest that confer comparable rights to voting rights of another persons if that person owns or controls:

- More than 50 percent of the total combined voting power of all ownership interests with voting (or comparable) rights, or
- More than 50 percent of the total value of all ownership interests with voting (or comparable) rights.

Indirect ownership is generally determined using IRC 318 or analogous authority, except the Department will apply IRC 318 to all forms of ownership interests, such as partnership and membership interests, and not just corporate stock. For example, attribution to and from a Partnership may be determined under IRC 318(a)(2)(A) and 318(a)(3)(A). However, the attribution will be of ownership interests, including - but not limited to - Partnership interests, stock, and membership interests; attribution will not be limited to corporate stock.

Parent-Subsidiary Controlled Group of Entities. A parent-subsubsidiary controlled group of entities satisfies the control test. A *parent-subsubsidiary controlled group of entities* means any group of one or more chains of entities connected through ownership with a common parent if:

- The common parent directly owns more than 50 percent of the ownership interest with voting or comparable rights of at least one other entity, and
- More than 50 percent of the ownership interest with voting or comparable rights of each entity other than the common parent is owned directly by one or more of the other entities.

Brother-Sister Controlled Group of Entities. A brother-sister group of entities may also satisfy the control test. An Individual that is not a sole proprietor or owner of a disregarded entity or otherwise engaged in a trade or business resulting in business income or gross receipts under the MBT is not unitary with the entities in which that Individual has a controlling interest. However, brother-sister group of entities may satisfy the control test through the indirect ownership rules of IRC 318. This is referred to as a brother-sister controlled group of entities.

Combined Controlled Group of Entities. A combined controlled group of entities satisfies the control test. A *combined controlled group of entities* means three or more entities, each of which is a member of a parent-subsubsidiary controlled group of entities or brother-sister controlled group of entities and one of which is a common parent entity of a parent-subsubsidiary controlled group of entities and also is included in a brother-sister controlled group of entities.

Excluded Ownership Interests. For purposes of determining ownership or control under the control test, the Department will apply IRC 1563 to exclude certain ownership interests from determination of ownership and control, except that the Department will apply IRC 1563 to all forms of ownership interests and not just corporate stock.

Relationship Tests. *Flow of value* is established when members of the group demonstrate one or more of functional integration, centralized management, and economies of scale. Examples of functional integration include common programs or systems and shared information or property. Examples of centralized management include common management or directors, shared staff functions, and business decisions made for the group rather than separately by each member. Examples of economies of scale include centralized business functions and pooled benefits or insurance. Groups that commonly exhibit a flow of value include vertically or horizontally integrated businesses, conglomerates, parent companies with their wholly owned subsidiaries, and entities in the same general line of business. Flow of value must be more than the mere flow of funds arising out of passive investment.

Businesses are integrated with, are dependent upon, or contribute to each other under many of the same circumstances that establish flow of value. However, this alternate relationship test is also commonly satisfied when one entity finances the operations of another or when there exists intercompany transactions, including financing.

Special Instructions for the Annual Return

By definition, a UBG can include standard taxpayers, insurance companies, and financial institutions. However, in some cases not all members of the UBG will be included on the same return. All standard taxpayer members in a UBG (except those owned by and unitary with a financial institution) file a single combined return on Form 4567. Financial institution members of a UBG (and any standard taxpayer owned by and unitary with a financial institution in the group) file a combined return on Form 4590. Insurance company members of a UBG each file separately on Form 4588.

Before completing a combined return, UBGs should first complete Form 4580. Form 4580 is used to gather and combine data from each member of the UBG and eliminate intra-group transactions, where appropriate, to support the primary return. If the UBG is comprised of both standard taxpayers and financial institutions, two copies of Form 4580 will be completed (one form for the standard taxpayers with financial institutions listed in Form 4580, Part 4, and one form for financial institutions with the standard taxpayers listed in Form 4580, Part 4). Insurance companies that are part of a UBG will each file a separate Form 4588, but should be listed in the Form 4580(s), Part 4, filed by the standard or financial members of the group.

The Designated Member (DM)

A UBG combined return is filed under the name and Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number of the DM of the group. *Designated member* means a UBG member that has nexus with Michigan and that will file the combined MBT return on behalf of the group. If the member that owns or controls the other group members has nexus with Michigan, that controlling member must serve as DM. If the controlling member does not have nexus with Michigan, the controlling member may appoint any group member with nexus to serve as DM. That DM must continue to serve as such every year, unless it ceases to be a group member or the controlling member attains Michigan nexus. The filing period of a combined return is based on the tax year of the DM.

If a UBG is comprised of both standard taxpayers and financial institutions, the UBG will have two DMs (one for the standard taxpayer members completing Form 4567 and related forms, and one for the financial institution members completing Form 4590 and related forms).

Role of the DM: The DM speaks, acts, and files the MBT return on behalf of the group for MBT purposes. Only the DM may file a valid extension request for the group. The Department maintains the group's MBT data (e.g., prior MBT returns, business loss carryforward, tax credit forward, overpayment credit carryforward) under the DM's name and account number. Because SBT did not include a unitary concept, SBT data of the group members is maintained in separate files of the members. Once the first return is filed identifying all members, the SBT data for the group members will be combined for purposes of this return.

Special Instructions for Supporting Forms

Most forms are completed by UBGs on a group basis. However, the following forms used by financial institutions must be completed with entity-specific data, rather than group-wide data:

- *Michigan Historic Preservation Credit* (Form 3581)
- *MBT Renaissance Zone Credit Schedule* (Form 4595)

If more than one member completes an above form, multiple copies of that form must be included in the group's combined return.

In addition, many credits require an entity-specific calculation of a credit amount. The table below provides a summary of UBG credit calculations for those credits available to financial institutions, where:

A) The test or criteria to qualify for the credit should be applied on a group basis (G) or a separate entity basis (E)

B) If the qualification test is satisfied, the calculation of the credit amount should be on a group basis (G) or a separate entity basis (E)

C) Calculation of the credit should be done after elimination of intercompany transactions (Y or N). Note: This applies only to the calculation of the credit. For a financial institution, the tax liability of the UBG against which the credit will be applied is calculated after elimination of all intercompany transactions from the apportionment.

Credit	(A)	(B)	(C)
Brownfield Redevelopment Credit	E	E	N
Compensation Credit	G	G	N
Film Infrastructure Credit	*	E	N
Film Production Credit	*	E	N
Historic Preservation Credit	E	E	N
MEGA Employment Tax Credit	E	E	N
Renaissance Zone Credit	E	E	Y

* Financial institutions may claim film credits as assignees only.

The above credits are taken against the financial institution group's entire tax liability. Additional UBG instructions are provided on forms where these credits are calculated.

If the UBG is comprised of both standard taxpayers and financial institutions, two copies of supporting forms will be completed (one group of supporting forms for the standard taxpayers' annual return, and one group of supporting forms for the financial institutions' annual return).

Filing the Correct Form

A different primary return and instruction booklet are available for standard taxpayers (Form 4567) and insurance companies (Form 4588).

Filing if Tax Year Is Less Than 12 Months

Except for the required fiscal return beginning January 1, 2008, annual returns must be filed for the same period as Federal Income Tax returns.

Do not use annualized numbers on a return unless specified; use them only to determine filing requirements and qualifications for credits.

Fiscal Year Filers: See "Supplemental Instructions for Initial Fiscal MBT Filers - Financial Institutions" on page 17 for filing the first MBT return.

Tax year means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the tax base of a taxpayer is computed. If a return is made for a fractional part of a year, tax year means the period for which the return is made.

A taxpayer that has a 52- or 53-week tax year beginning not more than seven days before December 31 of any year is considered to have a tax year beginning after December of that tax year.

Example 1: A taxpayer with a federal tax year beginning on Monday, December 29, 2008, will be treated as follows:

- 2008 tax year end of December 31, 2008
- Due date of April 30, 2009
- 2009 tax year beginning January 1, 2009.

Example 2: A taxpayer with a federal tax year ending on Sunday, January 3, 2010, will be treated as follows:

- 2009 tax year end of December 31, 2009
- Due date of April 30, 2010
- 2010 tax year beginning on January 1, 2010.

Example 3: A 52- or 53-week year closing near the end of January is common in the retail industry. Such a taxpayer will be treated as follows:

- 2008-09 fiscal year end will be January 31, 2009.
- Due date will be May 31, 2009
- 2009-10 fiscal year will begin on February 1, 2009.

Annualizing

If annualization is required, multiply each amount by 12 and divide the result by the number of months the business operated. Generally, a business is considered in business for one month if the business operated for more than half the days of the month.

Annualize prior year's tax liability to determine whether estimates may be based on that liability. If the prior year's annualized liability is \$20,000 or less, estimates may be based on the annualized amount if paid in four equal installments.

EXAMPLE: A fiscal year taxpayer with a tax year ending in June files a six-month return ending June 2008 reporting a tax liability of \$9,000. Estimates for the tax year ending June 2009 may be based on the annualized liability of \$18,000. Estimates must be paid in four equal installments of \$4,500.

Due Dates of Annual Returns

Annual returns are due on or before the last day of the fourth month after the end of your tax year. For example, a return for calendar year 2008 is due April 30, 2009. A return for a short year ending October 31, 2008, is due February 28, 2009.

Additional Filing Time

If additional time is needed to file an annual tax return, request a Michigan extension by filing an *Application for Extension of Time to File Michigan Tax Returns* (Form 4).

Filing a federal extension request with the IRS does not automatically grant an MBT extension. The IRS does not notify state governments of extensions. A request for a Michigan extension must be received and approved to avoid penalty on the tax due.

Extension applications must be postmarked on or before the original due date of an annual return.

Although the Department will grant extensions for filing MBT returns, it will not extend the time to pay. Extension applications received without proper payment will not be processed. Penalty and interest will accrue on the unpaid tax from the original due date of the return.

Properly filed and paid estimates along with the amount included on the extension application will be accepted as payment on a tentative return, and an extension may be granted. It is important that the application is completed correctly.

Once a properly prepared and timely filed application along with appropriate estimated tax payments is received, the Department will grant an extension of eight months to file the tax return.

Fiscal year taxpayers: Fiscal year taxpayers are granted an automatic extension for their 2008 fiscal year annual return to April 30, 2009. See "Supplemental Instructions for Initial Fiscal MBT Filers - Financial Institutions" on page 17 for more information.

Any estimated tax that may be due with the request should be paid in the same manner as estimated payments were paid during the year.

A written response will be sent to the legal address on file when a valid extension application is received.

If an MBT extension is filed on time but the total payments received by the original due date are less than 90 percent of the tax liability, a 10 percent negligence penalty may apply.

IMPORTANT: If no tax is owed, there is no need to file an extension with Michigan by the due date of the return to

avoid penalty. However, without an approved extension, it is necessary to file an annual return as soon as the information is available to do so.

An extension of time to file will also extend the statute of limitations.

Amending a Return

To amend an annual return, complete Form 4590 and check the box in the upper-right corner of the return. Enter the figures on the amended return as they should be. There is no longer a separate form for amending a return.

See page 9 for how to request copies of current or past forms.

To amend a return to claim a refund, file within four years of the due date of the original return. Interest will be paid beginning 45 days after the claim is filed or the due date or extended due date, whichever is later.

If amending a return to report a deficiency, penalty and interest may apply from the due date of the original return.

If any changes are made to a Federal Income Tax return that affect an MBT tax base, filing an amended return is required. To avoid penalty, file the amended return within 120 days after the final determination by the IRS.

Computing Penalty and Interest

Annual and estimated returns filed late or without sufficient payment of the tax due are subject to a penalty of 5 percent of the tax due, for the first two months. Penalty increases by an additional 5 percent per month, or fraction thereof, after the second month, to a maximum of 25 percent.

Compute penalty and interest for underpaid estimates using the *MBT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4582). If a taxpayer prefers not to file this form, the Department will compute the penalty and interest and send a bill. (Form 4582 is available on the Web at www.michigan.gov/taxes.)

The following chart shows the interest rate that applies to each filing period. A new interest rate is set at 1 percent above the adjusted prime rate for each six-month period.

Beginning Date	Rate	Daily Rate
January 1, 2008	9.2%	0.0002514
July 1, 2008	7.9%	0.0002151
January 1, 2009	6.0%	0.0001644

For a complete list of interest rates, see RAB 2008-5 on the Department of Treasury Web site at www.michigan.gov/taxes.

Signing the Return

All returns must be signed and dated by the taxpayer or the taxpayer's authorized agent. This may be the owner, partner, corporate officer, officer's agent, or association member.

If someone other than the above prepared the return, the preparer must give his or her business address and telephone number.

Print the name of the taxpayer and preparer in the appropriate area on the return.

Assemble the returns and attachments and staple in the upper-left corner. (Do not staple your check to your return.)

IMPORTANT REMINDER: Failure to include all the required attachments with the return will delay processing and may result in reduced or denied refund or credit carryforward or a bill for tax due.

Mailing Addresses

Postage Changes: Effective May 2007, the U.S. Post Office calculates postage based on the weight, size, and thickness of an envelope. Consult with the Post Office before mailing to avoid delays in delivery; items with insufficient postage will be returned by the Post Office.

Mail your annual return and all necessary schedules to:

With payment:

Michigan Department of Treasury
P.O. Box 30113
Lansing, MI 48909

Without payment:

Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

Mail an extension application (Form 4) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Mail MBT quarterly estimate payments (Form 4548) to:

Michigan Department of Treasury
P.O. Box 30774
Lansing, MI 48909-8274

Courier delivery service mail should be sent to:

Michigan Department of Treasury
7285 Parsons Dr.
Dimondale, MI 48821

Make all checks payable to “**State of Michigan.**” Write your Federal Employer Identification Number (FEIN) or Treasury (TR) assigned number and “MBT” on the check.

Correspondence

Address changes and business discontinuance can be reported by using the *Notice of Change or Discontinuance* (Form 163), which can be found online at www.michigan.gov/treasuryforms or inside the Sales, Use, and Withholding Tax booklet. Business discontinuance can also be reported on Form 4590, line 6.

Mail correspondence to:

Customer Contact Division, MBT Unit
Michigan Department of Treasury
P.O. Box 30783
Lansing, MI 48909

To Request Forms

Internet

Current and past year forms are available on the Department's Web site at www.michigan.gov/treasuryforms.

Phone

Call toll-free 1-800-367-6263 to have business tax forms mailed to you.

Alternate Format

Assistance in obtaining printed material in an alternate format may be requested by calling 1-800-827-4000 and pressing options 1, 4, and 223.

TTY

Teletypewriter assistance is available by calling (517) 636-4999.

2008 Supplemental Instructions for Initial Fiscal Michigan Business Tax (MBT) Filers - Financial Institutions

NOTE: These instructions for fiscal year financial institution MBT filers are meant to supplement the general instructions, not to replace them.

The Single Business Tax (SBT) was repealed on business activity after December 31, 2007. The MBT became effective January 1, 2008.

A financial institution with a fiscal year beginning in 2007 and ending in 2008 must file two short period returns; one to report its final SBT liability, for the period from the beginning of its 2007-08 fiscal year through December 31, 2007, and the other to report its initial MBT liability, for the period from January 1, 2008, to the ending of its 2007-08 fiscal year.

A fiscal filer should use these forms to complete and file two MBT returns. The first return will calculate its initial MBT liability for the short period from January 1, 2008, to the ending of its 2007-08 fiscal year. The second return will calculate its entire 2008-09 fiscal year, utilizing 2009 tax year rates and amounts. The following instructions pertain only to the fiscal filer's initial MBT short period return.

Computing the Initial Return for a Period of Less Than 12 Months

A fiscal year financial institution with a tax year ending in 2008 may elect to compute the tax for the final, short-period SBT year in accordance with either the annual or actual method. The method the fiscal year financial institution employed for its final SBT return will not affect its initial MBT return. Fiscal year financial institutions are required to use the annual method for their initial MBT return.

Under the annual method, the tax is computed as if the MBT Act were effective throughout the financial institution's 2007-08 federal tax period. The tax base is then multiplied by a fraction, in which the numerator is the number of months of the federal period that fall in 2008, and the denominator is the number of months in the full federal period (typically 12).

EXAMPLE: Using the annual method, a financial institution with a fiscal year-end of August 31 would compute the tax base on full year numbers (September 1, 2007, through August 31, 2008, annual accounting period), and then multiply that amount by 8/12 or 2/3 for the MBT short year of January 1, 2008, through August 31, 2008.

Filing for a Tax Year Less Than 12 Months: All standard practices pertaining to annualization and proration will apply for the qualification and calculation of credits and adjustments on filings for a period less than 12 months.

Due Date

Fiscal year taxpayers are granted an automatic extension for their 2008 fiscal year return. Returns for fiscal years ending in 2008 will be due the same date as 2008 calendar year returns, which is April 30, 2009. However, an extension of time to file is not an extension of time to pay. An extension request form need not be filed unless required to transmit payment of any tax due.

The tax must be paid by the original due date, which is the last day of the fourth month after the end of the fiscal year.

Additional Instructions for Specific Forms

Forms not addressed here need no supplemental instructions.

MBT Annual Return for Financial Institutions (Form 4590)

Line 1: Enter January 1 as the beginning date, and enter the ending date that corresponds to the taxable period as reported to the Internal Revenue Service (IRS). Enter all dates in MM-DD-YYYY format.

Unitary Business Groups (UBGs): Regardless of whether the Designated Member (DM) is a fiscal year filer or calendar year filer, all fiscal year financial institutions must use the annual method to compute their initial MBT tax liability. See the *MBT Unitary Business Group Combined Filing Schedule* (Form 4580) instructions for more details.

Line 10e: Enter the number of months in the MBT tax period.

Line 10f: Enter the total months in the 2007-08 federal tax year.

Line 10g: Calculate the proration percentage by dividing line 10e by line 10f.

PART 1

The following tax base calculation involves a five year average of net capital. Enter data from the current year and four most recent MBT and SBT tax years to complete the five year table. For purposes of this table, treat a partial year as a full year. If the current and four preceding tax periods include any short periods, the years printed in column headings for this part will not apply accurately. For example, assuming no short periods reported for federal purposes, a financial institution with a fiscal year-end of August 31 would average the net capital for tax years ending August 31, 2005, August 31, 2006, August 31, 2007, December 31, 2007, and August 31, 2008.

On a separate copy of the form, for each of lines 11 through 18, columns A through E, determine the response based on the full fiscal year reported in each column. Do not file this copy; retain it in the taxpayer's file.

For each of lines 11 through 17 specified below, columns A through E, multiply, by the proration percentage, the full fiscal year data for each of the tax years reported and enter the result on the form filed with the Department of Treasury.

Line 11 (columns A-E): Calculate equity capital as of the last day of the filing period. Multiply this amount by the proration percentage on line 10g. Enter the product.

Line 12 (columns A-E): Multiply goodwill by the proration percentage on line 10g. Enter the product.

Line 13 (columns A-E): Calculate the average daily book value of Michigan obligations based on the full fiscal year reported in each column. Multiply this amount by the proration percentage on line 10g. Enter the product.

Line 14f (columns A-E): Calculate the average daily book value of U.S. obligations based on the full fiscal year reported in each column. Multiply this amount by the proration percentage on line 10g. Enter the product.

Line 17a: Multiply the amount of capital fund maintained within that subsidiary by the proration percentage on line 10g. Enter the product.

Line 17b: Multiply minimum capital funds required by regulations for that insurance company by the proration percentage on line 10g. Enter the product.

Single Business Tax Credit Carryforwards (Form 4569)

Fiscal filers filing their MBT return ending in 2009 should claim the credit carryforward from their immediately preceding MBT return.

MBT Credits for Compensation, Investment and Research and Development (Form 4570)

All credits against the tax must be earned and calculated based on the actual payments made in 2008, regardless of the method used for tax calculation.

Line 2: Enter the actual compensation paid after December 31, 2007.

MBT Miscellaneous Nonrefundable Credits (Form 4573)

To claim the Historic Preservation Credit, the certificate must show a completion date after December 31, 2007, but on or before the fiscal year end date in 2008. To be eligible for the Next Energy Business Activity Credit, Start-Up Business Credit, Film Job Training Credit or Film Infrastructure Credit, the appropriate certificate must be received on or before the fiscal year end date in 2008.

MBT Refundable Credits (Form 4574)

All credits against the tax must be earned and calculated based on the actual payments made in 2008, regardless of the method used for tax calculation.

To be eligible for the MEGA Employment Tax Credit, the MEGA certificate must be received on or before the fiscal year end date in 2008.

MBT Unitary Business Group Combined Filing Schedule (Form 4580)

Line 1: In general, for each group member on the combined return to which this Form 4580 is attached, include activity from the member's federal tax period(s) that ends with the filing period of the DM.

One consequence of this filing period requirement is that if, for example, the DM has a federal year of April 1, 2007, through March 31, 2008, and a member had a federal year of July 1, 2007, through June 30, 2008, that member will not be included on the combined return for the period ending March 31, 2008. List that member on line 53, and use Reason Code 5 in column 53D. The excluded member will be included in the UBG's subsequent combined return for the tax year ending 2009.

Line 2: Column 1 is used to identify a person that was a member of a UBG for less than its entire federal tax year due to

changes in ownership. Do not include in column 21 any member that uses a fiscal year and that reports on this combined return all of its activity from January 1, 2008, through the end of its 2007-08 fiscal year.

MBT Renaissance Zone Credit Schedule (Form 4595)

For purposes of the calculation required for taxpayers first located with a Renaissance Zone before December 31, 2002, fiscal year filers may use the 2007 12 month calendar year amounts for payroll and Renaissance Zone business activity, or the final 12 month fiscal year ending in 2007. The same choice must be made for each component of this calculation.

A fiscal year taxpayer's phase-out percentage for the final three years of the Renaissance Zone credit is determined by the beginning of the taxpayer's filing period. No proration of months is allowed.

For example:

- Renaissance Zone designation expires on December 31, 2010.
- The three years in which the credit is subject to the phase-out reduction are 2008, 2009, and 2010.
- In the taxpayer's tax year which commences on July 1, 2008, and ends on June 30, 2009, its Renaissance Zone Credit will be reduced by 25 percent.
- In the taxpayer's tax year which commences on July 1, 2009, and ends on June 30, 2010, its Renaissance Zone credit will be reduced by 50 percent.
- In the taxpayer's tax year which commences on July 1, 2010, and ends on July 30, 2011, the business activity factor of the MBT Act Renaissance Zone Credit is calculated as if the taxpayer was within the Renaissance Zone for a period less than the full tax year, and that credit amount is reduced by 75 percent.

Application for Extension of Time to File Michigan Tax Returns (Form 4)

Fiscal year MBT taxpayers are granted an automatic extension for their 2008 fiscal year annual returns, with the extended due date of April 30, 2009. If the regular MBT extension period is not sufficient to allow a fiscal year taxpayer to gather necessary information for its 2008 fiscal year MBT return, the Department will, upon request, grant a special extension appropriate to the circumstances.

To request additional time beyond April 30, submit a letter to the Department requesting an extension. The letter must include the taxpayer's name, Federal Employer Identification Number (FEIN) or Michigan Treasury (TR) assigned number, tax year and an explanation of need.

Revenue Administrative Bulletins

2008-5	Interest Rate
2008-4	Michigan Business Tax Nexus Standards
2007-6	Michigan Business Tax - "Actively Solicits" Defined
2005-3	Penalty Provisions
1996-4	Credit or Refund of Overpayment of Taxes or Credits in Excess of Tax Due and Applicable Interest
1994-1	Challenge of Assessment, Decision or Order Limited by Statute
1989-38	Officer Liability

For a complete list, go to www.michigan.gov/taxes.

Country Codes

Countries are identified by two-letter codes – Country Codes – which are required on some Michigan Business Tax (MBT) forms, including the annual returns. The following is a list of countries and their codes.

AF Afghanistan	KM Comoros	HN Honduras	MP N.Mariana Islnd	SO Somalia
AL Albania	CK Cook Islands	HK Hong Kong	NA Namibia	ZA South Africa
DZ Algeria	CR Costa Rica	HU Hungary	NT NATO	KR South Korea
VI Amer.Virgin Is.	CI Cote d'Ivoire	IS Iceland	NR Nauru	ES Spain
AD Andorra	XX Countries-Other	IN India	NP Nepal	LK Sri Lanka
AO Angola	HR Croatia	ID Indonesia	NL Netherlands	KN St Kitts&Nevis
AI Anguilla	CU Cuba	IR Iran	NC New Caledonia	LC St. Lucia
AQ Antarctica	CY Cyprus	IQ Iraq	NZ New Zealand	VC St. Vincent
AG Antigua/Barbuda	CZ Czech Republic	IE Ireland	NI Nicaragua	PM St.Pier,Miquel.
AR Argentina	CD Dem. Rep. Congo	IL Israel	NE Niger	SD Sudan
AM Armenia	DK Denmark	IT Italy	NG Nigeria	SR Suriname
AW Aruba	DJ Djibouti	JM Jamaica	NU Niue	SJ Svalbard
AU Australia	DM Dominica	JP Japan	NF Norfolk Islands	SZ Swaziland
AT Austria	DO Dominican Rep.	JO Jordan	KP North Korea	SE Sweden
AZ Azerbaijan	AN Dutch Antilles	KZ Kazakhstan	NO Norway	CH Switzerland
BS Bahamas	TP East Timor	KE Kenya	OM Oman	SY Syria
BH Bahrain	TL East Timor	KI Kiribati	OR Orange	TW Taiwan
BD Bangladesh	EC Ecuador	KW Kuwait	PK Pakistan	TJ Tajikistan
BB Barbados	EG Egypt	KG Kyrgyzstan	PW Palau	TZ Tanzania
BY Belarus	SV El Salvador	LA Laos	PS Palestine	TH Thailand
BE Belgium	GQ Equatorial Guin	LV Latvia	PA Panama	TG Togo
BZ Belize	ER Eritrea	LB Lebanon	PG Pap. New Guinea	TK Tokelau Islands
BJ Benin	EE Estonia	LS Lesotho	PY Paraguay	TO Tonga
BM Bermuda	ET Ethiopia	LR Liberia	PE Peru	TT Trinidad,Tobago
BT Bhutan	EU European Union	LY Libya	PH Philippines	TN Tunisia
BL Blue	FK Falkland Islnds	LI Liechtenstein	PN Pitcairn Islnds	TR Turkey
BO Bolivia	FO Faroe Islands	LT Lithuania	PL Poland	TM Turkmenistan
BA Bosnia-Herz.	FJ Fiji	LU Luxembourg	PT Portugal	TC Turksh Caicosin
BW Botswana	FI Finland	MO Macau	PR Puerto Rico	TV Tuvalu
BV Bouvet Islands	FR France	MK Macedonia	QA Qatar	UG Uganda
BR Brazil	PF Frenc.Polynesia	MG Madagascar	CG Rep.of Congo	UA Ukraine
IO Brit.Ind.Oc.Ter	GF French Guayana	MW Malawi	RE Reunion	GB United Kingdom
VG Brit.Virgin Is.	TF French S.Territ	MY Malaysia	RO Romania	UN United Nations
BN Brunei Daruss.	GA Gabon	MV Maldives	RU Russian Fed.	UY Uruguay
BG Bulgaria	GM Gambia	ML Mali	RW Rwanda	US USA
BF Burkina Faso	GE Georgia	MT Malta	GS S. Sandwich Ins	AE Utd.Arab Emir.
MM Burma	DE Germany	MH Marshall Islnds	ST S.Tome,Principe	UZ Uzbekistan
BI Burundi	GH Ghana	MQ Martinique	SH Saint Helena	VU Vanuatu
KH Cambodia	GI Gibraltar	MR Mauretania	WS Samoa	VA Vatican City
CM Cameroon	GR Greece	MU Mauritius	AS Samoa, America	VE Venezuela
CA Canada	GL Greenland	YT Mayotte	SM San Marino	VN Vietnam
CV Cape Verde	GD Grenada	MX Mexico	SA Saudi Arabia	WF Wallis,Futuna
CF CAR	GP Guadeloupe	FM Micronesia	SN Senegal	EH West Sahara
KY Cayman Islands	GU Guam	UM Minor Outl.Isl.	CS Serbia/Monten.	YE Yemen
TD Chad	GT Guatemala	MD Moldova	SC Seychelles	ZM Zambia
CL Chile	GN Guinea	MC Monaco	SL Sierra Leone	ZW Zimbabwe
CN China	GW Guinea-Bissau	MN Mongolia	SG Singapore	
CX Christmas Islnd	GY Guyana	MS Montserrat	SK Slovakia	
CC Coconut Islands	HT Haiti	MA Morocco	SI Slovenia	
CO Colombia	HM Heard/McDon.Isl	MZ Mozambique	SB Solomon Islands	

File with confidence. E-file.

✦ **It's Accurate.** E-filed returns have much less chance of error compared to paper returns. The computer program checks for math errors before the return is accepted, and new explanations pinpoint the location of any errors in the return.

✦ **It's Fast.** E-filed returns are processed much faster than paper returns. Paper-filed returns take considerably longer to process.

✦ **It's Convenient.** Prepare and submit your Michigan Business Tax (MBT) return electronically using software approved by the Michigan Department of Treasury, and receive electronic proof from both the Internal Revenue Service (IRS) and State of Michigan that your returns were accepted.

✦ **It's Secure.** Only preparers and their clients see the returns. Confidential information is protected by Secure Socket Layer (SSL) 128-bit encryption.



www.MIfastfile.org

E-file Software Companies

The following companies have indicated their commitment to develop software for MBT e-file. They may need to be contacted to determine when their software will be available. Additional company contact information is available on Treasury's Web site at www.michigan.gov/taxes.

1040 Works

www.1040works.com

CCH Small Firms Services - ATX

www.atxinc.com

CCH Small Firms Services - TaxWise

www.taxwise.com

CCH, a Wolters Kluwer Business

www.CCHGroup.com

CORPTAX, LLC

www.corptax.com

Data Technology Group

www.taxdimensions.com

Drake Enterprises

www.drakesoftware.com

Express Tax

www.expresstaxservice.com

Greatland

www.greattaxpro.com

Lacerte

www.lacertesoftware.com

Lamson Tech

www.lamsontech.com

Pro Series

www.proseries.com

Rhodes Computer Services

www.taxslayerpro.com

Tax Technologies, Inc.

www.taxtechnologies.com

TAX\$IMPLE, INC.

www.taxsimple.us

Taxsation Inc.

www.taxsation.com

TaxVision

www.ntslinks.net

TaxWorks, Inc.

www.taxworks.com

Thomson Reuters Tax & Accounting

www.es.thomsonreuters.com

www.Onesource.ThomsonReuters.com

www.cs.thomsonreuters.com

Vertex, Inc.

www.vertexinc.com

Treasury and the State of Michigan do not endorse or warrant these companies or their products or services. The decision to use or not to use any of these products and services will not result in any special treatment from Treasury.

Unclaimed Property Reporting for Businesses

Michigan's Uniform Unclaimed Property Act (Public Act (PA) 29 of 1995) requires holders of unclaimed property to report and remit property belonging to owners who cannot be located or for whom there is no known address. Every business that has uncashed checks (payroll, vendor, dividends, etc.) must file a report and turn the funds over to the Michigan Department of Treasury, Unclaimed Property Division. Unclaimed property could also include cash, deposits, interest, stocks,* or contents from safe deposit boxes.

Section 31 (2) of PA 29 gives the State Treasurer the authority to conduct unclaimed property examinations to determine compliance with the act.

WHO MUST REPORT

Every Individual, Partnership, or Corporation who has unclaimed property belonging to someone whose last known address is in Michigan must report. If the owner's last known address is in another state or country and the holder does not report under the provisions of that state or country, then report those interests to Michigan.

DORMANCY PERIODS

Generally, property in your custody that belongs to someone else and has gone unclaimed for five years must be reported. However, dormancy periods will vary based on the type of property. Visit Treasury's Web site at www.michigan.gov/unclaimedproperty for more detailed information about dormancy periods.

*A 2004 law change reduced the dormancy period for reporting stock and dividends from seven to three years.

REPORTING DUE DATE

Holder reports are due by November 1 each year and must contain all items considered unclaimed as of June 30. Enclose payment with the report to cover the amount reported. If you have unclaimed property and fail to pay or deliver it timely to the State of Michigan, you may be liable for interest at the current monthly rate of one percentage point above the adjusted prime rate on the value of the property. Civil penalties may also apply for not filing.

CLAIMING FUNDS

To check if funds are being held for you, your family, or your business entity, visit Treasury's Web site at www.michigan.gov/unclaimedproperty.

FOR MORE INFORMATION



Visit www.michigan.gov/unclaimedproperty



Call the Unclaimed Property Division at 517-636-5320



Write to: Unclaimed Property Division
Michigan Department of Treasury
P.O. Box 30756
Lansing, MI 48909